11: Hourani S-4 (no date) 1946 MD1 Syria M O I

mainly by motor-car. The trunk-roads, built for the most part since the establishment of French rule, are good, local roads satisfactory in summer but often very bad in winter; motor transport across the desert to Iraq is well organized by private companies. A trans-desert railway has been planned but not built. There are several civil airports.

The defective financial system is a further obstacle to economic development. Credit facilities are inadequate; foreign capital has been invested in public utilities but not in industry; long-term investment and constructive enterprise have been discouraged by the instability of the currency. Since 1924 the legal currency of the country has been the Syro-Lebanese paper pound, issued by the concessionary Banque de Syrie et du Grand Liban, of which the ownership is mainly French. It is a franc-exchange currency, one pound being equivalent to twenty francs; and it therefore shared in the fluctuations of the franc. In 1941, after the invasion of Syria and Lebanon by the Allied forces, it was officially linked to sterling. As an unstable and a paper currency, it has never won the confidence of the bulk of the population, who prefer, in spite of official prohibitions, to use the Ottoman gold pound or the sovereign as the standard of value in important transactions; since the relation between the value of the gold pound and that of the paper pound is constantly changing, problems are always arising in regard to the rate of repayment of debts calculated in terms of gold but actually paid in paper.

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In commerce as in industry the old order is dying. So long as Syria and Lebanon formed part of the Ottoman Empire, their towns were centres not only for the internal trade of a great part of Ottoman Asia but also for much of its trade with Europe. The last generation has seen the disintegration of the Empire into a number of separate States and the creation of tariff-barriers and other obstacles to the free flow of goods; it has witnessed also the rise of the port of Haifa, and the consequent diversion of part of the transit-trade from Syria and Lebanon to Palestine. In addition, the decline of the traditional industries and the decrease in the demand for their products, the slow growth of modern industries and the absence of any considerable demand in the world for

14:International Bank S-5 (1954)1955 MD1 Syria MD1

was officially estimated at 509,000 hectares as compared with 284,000 in 1946. The resulting rise in the value of agricultural production was particularly marked, since with irrigation more valuable summer crops could

TABLE 3 Indicators of Economic Growth

	Prewar	1945	1947	1950	1953
Agriculture					
Cultivated area (million ha.)	1.76	2.29	—	3.09	3.67
Cropped area (million ha.)	1.16	1.51	—	2.05	2.44
Wheat					
Area (thousand ha.)	473[a]	751	843	992	1,314
Output (thousand MT)	459[a]	415	404	861[b]	962[b]
Barley					
Area (thousand ha.)	279[a]	384	365	416	428
Output (thousand MT)	290[a]	248	169	322	472
Cotton					
Area (thousand ha.)	30[a]	17.5	19.3	78.0	136.6
Output (thousand MT, ginned)	5.4[a]	4.3	5.4	35.5	47.0
Agricultural production tax (million £S)[c]	—	—	9.1	16.2	22.4
Industry—Output					
Cotton and rayon yarn (thousand MT)	1	—	—	—	9–10
Cotton and rayon cloth (million meters)	15	—	—	—	ca.100
Vegetable oils, excluding olive (thousand MT)	(negligible)	—	—	—	ca.10,000
Soap (thousand MT)	3.4	—	—	—	8.9
Fruit and vegetable preserves (thousand MT)	1.8	—	—	—	4
Cement (thousand MT)	less than 75	—	—	—	224
Matches (million boxes)	11	—	—	—	32.2
Cigarettes (MT)	416	—	—	—	1,644
Electricity (million KWH; principal utilities)	25.1	—	—	—	114.2
Financial					
Government receipts (million £S)[d]	11.5	118.3	116.2	138.9	216.7
Notes and coins in circulation (million £S)[d]	19.9	210.7	183.2	224.6	288.4
National income (million £S)	—	—	—	1,380	1,600

[a] 1934–38 average. The production figures for wheat and barley may well be somewhat overestimated.

[b] Official production figures have been revised upward in the light of the amounts marketed as revealed by the agricultural production tax returns.

[c] The proceeds of this tax, levied on produce brought to market, tend to exaggerate the rate of increase in production, but are nonetheless a good indication of trends in output.

[d] Figures are not deflated for price increases. While a reliable price index is lacking, the price level in the period 1950–53 was probably between five and seven times as high as that before the war.

14:International Bank S-5 (1954) 1955 MD1 Syria MD1

be grown. Thus with the stimulus originally imparted by the Korean war boom, cotton, which had long been grown in Syria but on a small scale, has developed into one of the country's most valuable crops.

Manufacturing has expanded rapidly in the postwar period. Although the original impulse was given by the wartime shortage of manufactured goods, new factories were not for the most part established until after the war. Among the new modern factories built since then are six spinning and weaving mills, a considerable number of cotton ginneries, a dyeing plant, six vegetable oil mills, a glass factory, a cement plant and a sugar factory. The total amount of paid-up capital of manufacturing enterprises established in corporate form since the end of the war is in the neighborhood of £S 80 million. Since enterprises generally refuse to disclose their output, statistical measurement of the increase in production is extremely difficult. Very rough estimates indicate that about 9,000-10,000 metric tons of cotton and rayon yarn were produced in 1953 as compared with probably less than 1,000 tons in prewar years. The output of cloth was about 14,000 to 16,000 tons, or more than 100 million meters, as compared with perhaps 15 million meters before the war. The production of vegetable oils (other than olive oil), which was negligible before the war, amounted to around 10,000 tons, and the output of soap, at a level of about 9,000 tons, was almost three times the prewar estimate. Cement production, which was less than 75,000 tons before the war, amounted to 223,639 tons in 1953. The output of cigarettes was about four times, and that of matches three times, that of prewar years.

The expansion of agriculture and industry has in turn stimulated commerce, transport and construction. The construction industry in particular has witnessed a postwar boom which lifted the volume of building to a level probably twice as high as that in the years immediately preceding the war. Increasing prosperity, together with the wartime drop in building, generated a large volume of housing construction in all major cities.

The increase in national income since before the war has undoubtedly been very great; in real terms it may well be almost double. Unfortunately the fragmentary nature and unreliability of statistical data make even approximate estimates of national income extremely difficult. For the postwar years an unofficial estimate has been made only for 1950, when national income was put at £S1,250 million. Some very tentative calculations made by the mission indicate that this estimate may well be too conservative. These calculations point to a rise in national income from

14:International Bank S-5 (1954)1955 MD1 Syria MD I

about £S 1,250 million in 1949 and £S 1,380 million in 1950 to perhaps around £S 1,600 million in 1953. Over the whole period this would indicate an increase of about 28%. Since prices in 1953 were about the same as in 1949, the rise in real terms was apparently about the same. While these estimates, based on very inadequate data, are subject to a rather wide margin of error, it is not unlikely that real national income has been rising on the average at an annual rate of 5% to 6%.

Volume of Investment

The expansion of economic activity in the postwar period has entailed a rather high level of investment (see Table 4). While accurate data are not available, the mission has made some rough estimates of gross investment in construction on the basis of building permits and building costs, and of equipment investment on the basis of imports of machinery, equipment and motor trucks. The indicated annual volume of gross private investment has apparently fluctuated between £S 160 million

TABLE 4 Gross Investment

(Million £S)

	1950	1951	1952	1953
Private investment				
Construction (housing, industrial, commercial)	122.0	116.0	127.0	138.0
Industrial machinery	20.0	33.0	28.0	30.3
Agricultural machinery	10.7	35.6	17.3	14.3
Truck transport	8.7	11.0	4.4	2.8
Sub-total	161.4	195.6	176.7	185.4
Public investment				
Irrigation	0.8	0.8	0.8	3.1
Transport and communications	8.1	8.7	6.4	10.1
Education and public health	3.4	3.4	3.4	3.9
Municipal services	12.5	17.1	17.3	22.2
Other construction, including administration buildings	1.0	1.0	1.0	0.5
Sub-total	25.8	31.0	28.9	39.8
Total gross investment	187.2	226.6	205.6	225.2

14:International Bank S-5 (1954) 1955 MD1 Syria MD1

provision made for gradual reduction of the duties. At the same time we suggest that the whole tariff schedule be re-examined. By and large it cannot be said that the general level of tariffs is excessively high, particularly since ad valorem rates are levied on imports valued at the official rate of exchange, and this entails an undervaluation of about 40% compared to the actual exchange rate. In fact, we recommend elsewhere that tariff rates be assessed on the basis of actual foreign exchange rates for the purpose of increasing government revenues. This should not be construed, however, as a proposal to raise all tariffs irrespective of their nature. On the contrary, we would suggest that, as part of the general revision of the schedule, those rates which are primarily protective in character should as far as possible be reduced for the purpose of encouraging outside competition and lowering prices. If necessary, such reductions could be graduated over a period of time.

Possibilities of a Larger Market

The expansion and, above all, the diversification of industrial output in Syria is restricted by the rather small domestic market. In a country of only 3.6 million people with low purchasing power it is generally possible to manufacture only a limited range of articles which are used widely enough to warrant production on an economic scale. Broader industrial opportunities are likely to emerge only if a larger market is initially available. In the case of Syria it should be possible to establish such a market in cooperation with other Arab countries, all of which suffer from a similar handicap in the development of their industries. Over recent years the Arab countries have increasingly stressed their community of interest and the need for closer cooperation. The field of industrial development offers a particularly challenging opportunity for common endeavor. We do not suggest, of course, that the types of industrial enterprises to be developed by each country should be the subject of joint government decision. There should be consultation in cases where particular ventures are to be launched with special government assistance. In the main, however, the location and development of industry should be decided by the free play of competitive forces operating in a larger, common Arab market.

To a limited extent the Arab countries have already taken steps to develop such a market. Syria has concluded bilateral agreements with Lebanon and Jordan which free certain products from import restrictions

14:International Bank S-5 (1954)1955 I.iD1 Syria MD1

and provide for a number of reciprocal tariff reductions and even exemptions, and has been considering the renewal in some form of the close economic ties with Lebanon which prevailed before 1950. All the Arab countries joined in 1953 in an Inter-Arab Economic Agreement providing for tariff reductions on a considerable number of industrial products without, however, affecting other barriers to trade.

The establishment of a common Arab market will undoubtedly take time. The history of the Benelux economic union demonstrates that it can only be achieved gradually and then only if there is a full understanding among the partners of each other's problems and a willingness to make concessions and sacrifices. A single market cannot be established simply by a progressive elimination of trade barriers; it entails also a gradual coordination of those economic policies and measures which govern the conditions under which enterprise in the various countries operates. To bring national cost and price structures into line with each other and to equalize the conditions of competition, it will be necessary to harmonize, step by step, fiscal, monetary and exchange policies, the terms governing access to raw materials and equipment and the legislation regulating labor conditions and providing assistance to industry. If this can be accomplished, the possibilities of further industrial development in the Arab world are likely to be significantly greater.

Establishment of an Investment Bank

The mission attaches great importance to the establishment of an institution capable of furnishing both technical and financial assistance to industry. When industrialists have insufficient capital for investment at present, they can turn only to the government; the banks provide only working capital. As already indicated, the government began in 1949 to guarantee loans for this purpose through the Banque de Syrie et du Liban. During the period June 1949-January 1952, 18 such loans totaling £S 23.6 million were made, although by the end of 1953 repayments had reduced the balance to £S 13.4 million. This guaranteed-loan scheme was suspended in 1952 but revived at the beginning of 1954, subject to a limitation of £S 15 million on the entire amount outstanding.

For a number of reasons we believe that this method of financial assistance ought to be abandoned. Although the interest rate of 3% which has been made possible only because of the government guarantee and the

14:International Bank S-5(1954)1955 MD1 Syria MD1

Profitability

The profitability of Syria's industry varies widely from one industry to another and in some cases even within an industry. Differences in the quality of management may produce a marked variation in profits. 433 434

Some indication of profits is given below. Generally the data have been obtained from profit and loss statements which are not always clear. Profits are defined as earnings after taxes but before deductions for assignment to compulsory reserves and allocations to the boards of directors.

The cement industry is by far the most profitable in Syria. Quoted prices of shares of the two cement companies increased by about 100% between 1951 and 1953. The Aleppo company earned 25% on its paid-in capital during 1952, the first full year of operation. Profits earned by the Damascus company amounted to 22% on paid-in capital in 1950, 34% in 1951 and 48% in 1952. In 1953 it was able to increase its capitalization from £S 6 million to £S 9 million out of accumulated profits.

In the textile industry (spinning and weaving), profits have varied widely. One of the more successful firms in Damascus earned 9.3%, 17.7% and 22.9% on its paid-in capital in 1950, 1951 and 1952 respectively. One of the largest Aleppo companies earned about 30% on its paid-in capital in 1950 and 1951 and a little over 12% in 1952. On the other hand, another large Aleppo company suffered consistent losses amounting to a total of £S 1,826,550 in the years 1949-52 inclusive, while a third Aleppo company of more moderate size was liquidated in 1953 after losses totaling £S 911,233 in 1951 and 1952.

The hosiery industry appears to be doing well, one concern having earned about 20% on its paid-in capital in 1953. Little is known, however, about the profitability of this branch of industry in general.

The clothing industry (suitings, underwear, shirts, pyjamas, etc.) appears to be moderately profitable.

Profits data for the canning industry are also largely lacking. One company in Damascus earned 13.8% on its paid-in capital in 1952. Another, also in Damascus, apparently had profits of less than 3% in 1953.

The sugar company at Homs has earned modest profits in recent years. After initial losses in 1949 and 1950, the company earned about 3% and 6% on paid-in capital in 1951 and 1952 respectively. Presumably profits continued to increase substantially in 1953.

14:International Bank S-5 (1954) 1955 MD1 Syria MD1

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The vegetable oils and soap industries have not generally been very profitable. One of the larger Damascus companies had substantial losses in 1949 and 1952. In 1950 and 1951, however, it earned 20% and 30% on its paid-in capital. One of the more important companies in Aleppo apparently barely broke even in 1951 and 1952 and suffered severe losses in 1953, so that it was reported to have gone into liquidation in 1954. A new Aleppo company which started operating in 1952 apparently has been somewhat more successful to date.

The large glass factory near Damascus earned profits of about £S 200,000 on £S 7 million paid-in capital in both 1952 and 1953. Prior to these years of modest profits it consistently suffered losses except for the year 1950 when it showed a net profit of £S 183,140.

On the profitability of tanneries there is little information, although one evidently earned almost 7% in 1952 and 14% in 1953 on its paid-in capital.

The rubber shoe industry is apparently highly profitable, if one can judge from the data available on one company which earned almost 55% on its paid-in capital in 1952, and approximately 85% in 1953.

The match industry is suffering from overcapacity and, owing to keen competition, seems to have made little profit in recent years.

For other industries, such as milling, beverage, paints, etc., no information is available on profits.

III GOVERNMENT AND INDUSTRY

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The relations between government and industry in Syria will be discussed under the following headings: (1) tariff policy and embargoes, (2) credit facilities, (3) fiscal privileges, and (4) other controls and incentives.

Tariff Policy and Embargoes

Syria achieved customs autonomy for the first time in recent centuries in March 1950, with the termination of the Customs Union with Lebanon. As a natural consequence, each country began to apply its normal tariffs to imports from its former partner. Only a few days later, the Syrian tariff on imports of certain foreign products which competed with local industry

25: Warriner S-5 (no date) 1948 MI Middle East
Syria MDI

Wheat yields are lower than the average for Syria, averaging 4 hundredweight to the acre.

Almost the whole of the estate is let to share-tenants who are supervised by an agent, the landowners themselves rarely visiting the estate. The share of the crop taken by the landlord is 25 per cent on non-irrigated land and 42½ per cent on irrigated land. These shares are more favourable to the tenant than is usual, because it is desired to attract more labour to the estate which sixty years ago was quite uncultivated. As elsewhere, the tenants have no leases but live in fear of eviction.

The tenants are divided into five classes:[1]

1. Large tenants cultivating 6 feddans (225 acres) of non-irrigated land: 4 in number.

2. Medium sized tenants cultivating 4½ feddans (168¾ acres): 4 in number.

3. Small tenants cultivating 3 feddans (112½ acres): 60 in number.

4. Small tenants cultivating irrigated land and with an average area of 18 acres: 100 in number.

5. Wage labourers, who form the majority of the villagers.

Of these classes, only the small groups of large and medium-sized tenants can live well, in the sense that the output of the farm suffices to cover the essential needs of the family and also provides a small cash surplus. The surplus is used to buy gold pounds and jewellery. But the other groups cannot achieve even a sufficient standard of food consumption. The standard consumption of wheat (barley in the case of the very poor peasants) is 14 kilogrammes of grain per month; to achieve this level it is necessary to crop about 45 acres. Thus with the present system of cultivation, the class of small tenants, who cultivate an area of 112 acres and would appear to have quite sufficient land, cannot attain the minimum because only one-third, 35 acres, can be cultivated owing to shortage of live-stock.

These small tenants, who are typical of the farmers in the great plains of Syria, are very poor, living in one- or two-roomed mud huts, and when there is only one room, sharing it with their animals.

[1] It must be said that the feddan in Syria is a variable measure and here is equivalent to 37½ acres.

25: Warriner S-5 (no date) 1948 MI Middle East
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their animals. Malaria is prevalent. The majority are heavily indebted. The tenants on the irrigated land, with an average holding of 18 acres, are also poor but less heavily indebted, because they can depend on a more regular income.

The poorest class are the landless labourers whose income in money and kind amounts to 530 Syrian pounds a year (1944) (£10 at 1939 prices).[1] This is a starvation wage, which means that they can only eat enough in harvest time, and in winter must subsist on maize, bread, and grass.

The poverty on this estate is therefore a result of the low productivity and the low proportion of the area under cultivation. One way of increasing the area cultivated would be by the use of machinery. Tractors were introduced some fifteen years ago, but proved too costly in relation to the low prices of Syrian grain; owing to lack of skilled drivers and proper maintenance they fell into disrepair. During the late war, however, as the price of grain rose, tractors were again used by some tenants who hired them from neighbouring estates.

Another way of raising production would be to increase irrigation since there is sufficient water to supply much more land. In this respect the estate is typical of the whole Homs–Hama plain, where much of the water which the French authorities have made available by irrigation goes to waste.

On this estate, therefore, the poverty of the cultivators is due to the landowner's failure to increase the productivity of the soil, rather than to his exploitation of the peasants; compared with other estates, this one is socially progressive, since the landowner's family have set up a school and also distribute medicines free of charge.

The second study covers a more intensively cultivated village, Ashrafie[1] on the borders of the irrigated district of Damascus. Less heavily supplied with water than El Ghuta itself, Ashrafie has sufficient water to irrigate 10 per cent of the total land. The total area is 1,600 hectares or 4,000 acres, of which 2,400 are owned by four estate owners and the rest by peasants. The largest landowner is an absentee, letting his land on a 50 per cent share-tenancy basis, with definite three-year leases (by contrast with the usual custom under which the tenant has no lease).

[1] This is calculated on a rate of 9 Syrian pounds to £1, allowing for a six-fold increase in the Syrian cost of living between 1939 and 1944.

[1] [The estate of Misherfe, near Homs --Analyst]

irrigated. The whole of the land is cultivated every year, the rotation being wheat followed by potatoes, the potato crop being irrigated. The wheat yield is below the average for Syria, amounting to 6 hundredweight per acre, and the potato yield is 5 hundredweight per acre.

However, in spite of the greater intensity of cultivation, the shortage of land means that the majority of the peasants are not able to attain an adequate standard of living, measured in terms of a few essential commodities: 20 kilogrammes of wheat and 4 kilogrammes of meat per head per month, 100 kilogrammes of olive oil per annum, and 5 tins of kerosene. To attain this standard a family must own 3 hectares of land, and as only the rich peasants and a few of the medium peasants own so much, the majority of the medium peasants and the poor landless peasants do not achieve it. The majority of these supplement their income by remittances from their emigrant relations abroad. Those who have no income from abroad leave the village to work as unskilled workers or servants in the towns.

In this village, therefore, the cause of poverty is the shortage of land, since the land is much more equally distributed than in Syria and the system fairly intensive. Living conditions are far better than in Syria: the majority inhabit stone houses with two or more rooms. The richer peasants are also more sophisticated than those of Syria, preferring to gamble their money away in the neighbouring summer resorts rather than spend it on jewellery.

From these three studies three conclusions emerge. The first is that a higher income per acre depends on irrigation, since the net income from irrigated land is two or three times as high as from non-irrigated land.

INCOME PER HECTARE ON IRRIGATED AND NON-IRRIGATED LAND (in Syrian Pounds)

	Ashrafie		*Misherfe*		*Kfer Sa'ab*
	Non-Irrigated	*Irrigated*	*Non-Irrigated*	*Irrigated*	*Half-Irrigated*
Gross Income ..	352	887	218	633	879
Costs	118	247	75	96	246
Rent	—	—	59	304	—
Net Income ..	234	640	84	233	633

[Kfer Sa'ab in the north Lebanon -- Analyst]

SYRIA MDI

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Finance and public finance

The post-war period witnessed some important changes in Syria's monetary and banking system, in its foreign exchange system and in its public finances. The large increase in production, investment and commerce noted above had its counterpart in the development of the banking system 1/ and expansion of the money supply (see table 10), most of which has taken the form of bank deposits.

This expansion of the money supply in the post-war period has not been matched by a rise in prices. Between 1945 and 1949 the trend was downward. The discontinuance of Allied military expenditure, together with a sharp increase in the import of surplus, led to a sizable deficit on current account. 2/ Moreover, the 1945 and 1946 budgets showed a surplus, and although the 1947 and 1948 budgets closed with a deficit the amount involved was small. Investment remained at a low level. The Arab-Israeli war led to a large budget deficit in 1949; this was, however, offset by the very low level of investment and the huge import surplus. The index of retail prices of twenty-two essential commodities in Damascus fell from its peak of 831 in 1945 (1938 = 100) to 478 in 1949. 3/

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During the period 1950 to 1954, on the other hand, prices rose. The large-scale investment in cotton, and the sharp increase in the quantity and value of exports of cotton and cereals, which led to a position approaching equilibrium in the balance of payments (see table 53), raised incomes. Subsidiary factors were pipeline construction, high building activity, 4/ and small budget deficits. The rise in import prices, aggravated by hoarding and speculation in 1950 and 1951, also played a part. The rise in prices remained, however, small in scale. The index of wholesale prices of raw materials in Damascus, in which cotton has a heavy weight, rose from 100 in 1949 to 111 in 1950 and 136 in 1951; the fall in cotton prices led to a drop to 119 in 1952 and 110 in 1953. Improved cotton

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1/ Foreign banks account for the greater part of banking activities in Syria; in recent years several banks have opened branches in Syria and existing banks have set up new offices in the smaller towns. In the first half of 1954 seven new banks, mostly Syrian or Lebanese, were established, bringing the total to seventeen. The country is still, however, inadequately provided with long-term credit for agricultural and industrial development, a gap that has been only partly filled by the Government-owned Agricultural Bank and Government loans to industry (see above).

2/ It is difficult to distinguish between Syria's and Lebanon's shares in the trade of the customs union, but there is no doubt that Syria had a large import surplus. This was not covered by such receipts as revenue from petroleum companies and remittances sent by emigrants.

3/ Ministry of National Economy, Statistical Abstract, 1953. There was no index of wholesale prices in Syria prior to 1949; the wholesale price index in Beirut fell from its peak of 1,038 in 1945 (1939 = 100) to 641 in 1949.

4/ Authorized floor space for new buildings in Damascus increased from 56,000 square metres in 1945 to 166,000 in 1949, 209,000 in 1950, 162,000 in 1951, 210,000 in 1952 and 265,000 in 1953.

435 prices and greatly increased exports of grain in the first half of 1954, however,
434 once more raised incomes and prices and at the end of October the index stood at 129. 1/

Currency

457 Syria remained in the franc area until 1949. Following the outbreak of the Second World War, two important measures affecting both Lebanon and Syria were taken by the Mandatory Authorities. First, an Exchange Control was established, to which all foreign exchange earned by residents of both countries was to be paid; this included the sterling and other payments made by the Allied troops stationed in Lebanon and Syria. Secondly, the proportion of franc bills and bonds held as cover against the notes issued by the Banque de Syrie et du Liban and its deposits increased sharply until, by the end of the war, it came to constitute over 95 per cent of their combined total 2/ However, from May 1943 until March 1946 sterling was made available in unlimited quantities to residents of both countries; and in 1944 the value of the franc holdings of the Banque de Syrie et du Liban was guaranteed against any depreciation of the franc in terms of sterling.

In the post-war period the inability of France to supply more than a small fraction of the non-franc foreign exchange requirements of Lebanon and Syria, together with its repudiation of its guarantee of the sterling value of their franc balances, 3/ caused the Syrian Government to take steps to establish an independent currency.

In February 1949 it left the franc area, and simultaneously an agreement was reached with France regarding the Syrian franc reserves held by the Banque de Syrie et du Liban. These holdings, which amounted to 10,204 million francs on 24 January 1948, were divided into two parts. The first, consisting of 7,015 million francs, used as cover for the note issue, was guaranteed in terms of sterling by the French Government for a period of ten years, starting in January 1948. Provision was also made for releasing this sum to Syria, in fourteen semi-annual instalments, by 1955. The balance of Syria's holdings, consisting of 3,189 million francs, was not guaranteed in terms of any other currency. After deduction of French claims on Syria, aggregating £S 23.2 million for property left in that country, the balance was to be deposited in a special temporary account, to be used for purchase of European currencies other than the franc, at the French official rates.

1/ United Nations Monthly Bulletin of Statistics. The retail price index shows the same general movement, with a lag. It remained unchanged at 1950, at 478, rose to 556 and 594 in 1951 and 1952, respectively, fell to 544 in 1953, and continued to decline during the first half of 1954, standing at 482 in June.

2/ Said Himadeh, "Tatawurat al naqd al suri al lubnani", Al Abhath, September 1945 (Beirut).

3/ Said Himadeh, "Bawl mashru al ittifaqia al malia al jadida", Al Abhath, March 1948 (Beirut). The French Government did, however, pay to Lebanon and Syria the difference resulting from the depreciation of the franc in December 1945.